

ANNUAL FINANCIAL REPORT
MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
FOR THE YEAR ENDED
DECEMBER 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board
Mid-City Security District
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Mid-City Security District, as of and for the year ended December 31, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Members of the Board
Mid-City Security District
June 3, 2013

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Mid-City Security District, as of December 31, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 6 to the financial statements, the Mid-City Security District adopted the provision of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in 2012. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 7 and page 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The accompanying schedule of compensation paid to board members is presented to comply with the requirements issued by the State of Louisiana, and is not a required part of the financial statements. The information has

To the Members of the Board
Mid-City Security District
June 3, 2013

been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated June 3, 2013, on our consideration of Mid-City Security District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mid-City Security District's internal control over financial reporting and compliance.

June 3, 2013
New Orleans, Louisiana

A handwritten signature in black ink that reads "Erickson, Krentel & Laporte, LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION

MID-CITY SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

As financial management of Mid-City Security District (the District), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ending December 31, 2012. This discussion and analysis is designed to assist the reader on focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The assets of the District exceeded its liabilities by \$1,136,035 at December 31, 2012. The net position decreased by \$82,256 from the previous year. Of this amount none is invested in capital assets. All of the District's net position is restricted for crime prevention and security in the District.

The District's total revenues decreased to \$947,252 from \$979,453. Expenditures for the relevant period increased to \$1,029,508 from \$730,721.

Included in the District's total revenue was interest earned on bank accounts in the amount of \$11,193 and \$4,176 during the years ended December 31, 2012 and 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report required additional supplemental information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Position. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

The second government-wide statement is the Statement of Activities, which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

The government-wide financial statements are presented on pages 8 & 9 of this report.

MID-CITY SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole.

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 10 – 13 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 14 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparison schedules for the general fund. Required supplemental information can be found on page 18 of this report.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$1,136,035. The following table provides a summary of the District's net position:

MID-CITY SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

SUMMARY OF NET POSITION
AS OF DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 1,290,091	\$ 1,283,745
Total assets	<u>1,290,091</u>	<u>1,283,745</u>
Current liabilities	<u>154,056</u>	<u>65,454</u>
Total liabilities	<u>154,056</u>	<u>65,454</u>
Net position:		
Restricted	<u>1,136,035</u>	<u>1,218,291</u>
Total net position	<u>\$ 1,136,035</u>	<u>\$ 1,218,291</u>

All of the District's net position is restricted for crime prevention and security within the District.

CHANGE IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Parcel fees	\$ 936,059	\$ 975,277
Investment income	2,842	-
Interest	<u>8,351</u>	<u>4,176</u>
Total revenues	<u>947,252</u>	<u>979,453</u>
Expenses:		
Crime prevention and security	<u>1,029,508</u>	<u>730,721</u>
Total expenses	<u>1,029,508</u>	<u>730,721</u>
(Decrease) increase in net position	<u>\$ (82,256)</u>	<u>\$ 248,732</u>

MID-CITY SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

BUDGETARY HIGHLIGHTS

The original budget adopted by the District was not amended during the fiscal year. During the year ended December 31, 2012, parcel fee revenues were less than the amounts originally budgeted, resulting in an unfavorable variance of (1.74%) or (\$16,748). During the year ended December 31, 2012, expenditures were higher than the amounts originally budgeted, resulting in an unfavorable variance of (6.80%) or (\$65,508).

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Ms. Becker Rutledge, Mid-City Security District, 111 Veterans Blvd., Suite 710, Metairie, LA 70005.

BASIC FINANCIAL STATEMENTS

MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 1,260,124
Receivables, net	19,260
Prepaid insurance	<u>10,707</u>
Total assets	<u>1,290,091</u>
<u>LIABILITIES:</u>	
Accounts payable	<u>154,056</u>
Total liabilities	<u>154,056</u>
<u>NET POSITION:</u>	
Restricted for crime prevention and security	<u>1,136,035</u>
Total net position	<u><u>\$ 1,136,035</u></u>

The accompanying notes are an integral part of this statement

MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenues and Change in Net Position</u>
<u>Governmental activities:</u>			
Crime prevention and security	\$ 1,029,508	\$ 936,059	\$ (93,449)
		General revenues:	
		Investment income	2,842
		Interest income	8,351
		Total general revenues	11,193
		Change in net position	(82,256)
		Net position - beginning	1,218,291
		Net position - ending	\$ 1,136,035

The accompanying notes are an integral part of this statement

MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2012

	<u>General Fund</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 1,260,124
Receivables, net	19,260
Prepaid insurance	<u>10,707</u>
 Total assets	 <u>\$ 1,290,091</u>
 <u>LIABILITIES:</u>	
Accounts payable	<u>\$ 154,056</u>
 Total liabilities	 <u>154,056</u>
 <u>FUND BALANCE:</u>	
Restricted for:	
Crime prevention and security	<u>1,136,035</u>
 Total fund balance	 <u>1,136,035</u>
 Total liabilities and fund balance	 <u>\$ 1,290,091</u>

The accompanying notes are an integral part of this statement

MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012

Fund balance - governmental fund	\$ 1,136,035
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Amounts reported for governmental activities in the Statement
of Net Position are different because:

There are no differences.

-

Net position of governmental activities	<u>\$ 1,136,035</u>
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MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund
<u>REVENUES:</u>	
Parcel fees	\$ 936,059
Investment income	2,842
Interest income	8,351
	<hr/>
Total revenues	947,252
	<hr/>
<u>EXPENDITURES:</u>	
Patrol and security services	785,877
Police cars	188,554
Insurance	17,253
Communications	15,295
Accounting and legal fees	13,261
City collection fee	9,268
	<hr/>
Total expenditures	1,029,508
	<hr/>
(Deficiency) of revenues over expenditures	(82,256)
FUND BALANCE, BEGINNING	<hr/> 1,218,291
FUND BALANCE, ENDING	<hr/> <hr/> \$ 1,136,035

The accompanying notes are an integral part of this statement

MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Net change in fund balance - government fund	\$	(82,256)
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Amounts reported for governmental activities in the Statement
of Activities are different because:

There are no differences.

-

Change in net position of governmental activities	\$	<u>(82,256)</u>
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The accompanying notes are an integral part of this statement

MID-CITY SECURITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Mid-City Security District (the District) was created as a public body by Acts of the Louisiana Legislature, 2008, No. 925, La. R.S. 33:9091.14 to aid in crime prevention and to add to the security of District residences by providing for an increase in the presence of law enforcement personnel in the District. The Board of Commissioners is constituted by five (5) appointed members. The Mid-City Neighborhood Organization shall appoint four members, one of whom shall be from the City Park Triangle. The Parkview Neighborhood Association shall appoint one member. All members appointed shall be qualified voters and residents of the District. Board members appointed serve three-year terms. Board members are not compensated or reimbursed for expenses.

The District services all parcels located in the geographic area it serves. The District has no paid employees and contracts with the City of New Orleans for off-duty police officers for patrolling.

The governing authority of the City of New Orleans is authorized to impose and collect a parcel fee within the District. For these services, the City of New Orleans imposes a 1% collection fee based on the gross amount of the parcel fee collected. The amount of the parcel fee is determined by an adopted resolution of the board of commissioners of the District. The fee shall be a flat fee per improved parcel of land not less than two hundred dollars and not to exceed two hundred fifty dollars per year for each improved residential parcel and not less than three hundred dollars and not to exceed three hundred seventy-five dollars for each improved commercial parcel. The enabling legislation authorizing the fee expires on December 31, 2014, but can be extended by an act of the Legislature.

Basis of Presentation

The accompanying general-purpose financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. The more significant government accounting principles are described below.

Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. There were no activities of the District categorized as a business type activity.

MID-CITY SECURITY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements (continued)

The government-wide Statement of Activities reports both the gross and the net cost of the District's function. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function.

The District does not allocate indirect costs.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Parcel fees are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measureable and available. Revenues are considered to be available when they are collectible with the current period or soon enough to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The District reports the General Fund only. The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity except those required to be accounted for in another fund.

MID-CITY SECURITY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Invested in capital, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists assets that are restricted by the District's creditors, by the state enabling legislation, by grantors, and by other contributors.
- c. Unrestricted net position – consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "invested in capital assets, net of related debt.

Governmental fund equity is classified as fund balance. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of state, local or federal awards or externally imposed conditions by grantors or creditors.
- c. Committed – amounts that can be used for specific purposes determined by formal action by an ordinance or resolution.
- d. Assigned – amounts that are designated by the formal action of the government's highest level of decision making authority.
- e. Unassigned – amounts not included in other classifications.

MID-CITY SECURITY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through June 3, 2013, which is the date the financial statements were available to be issued.

Reconciliations of Government-Wide and Fund Financial Statements

There are no differences between the government-wide and fund financial statements.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget

In accordance with the Louisiana Local Government Budget Act, the procedures used by the District in establishing the budgetary data reflected in the financial statements include public notices of the proposed budget, public inspections and public hearings. The District then legally adopts the budget. Budgeted amounts for the general fund included in the accompanying statements are as originally adopted by the District for the year 2012.

(3) CASH AND CASH EQUIVALENTS

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent, in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the District's name, and deposits which are uninsured or uncollateralized.

MID-CITY SECURITY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

(3) CASH AND CASH EQUIVALENTS (CONTINUED)

At December 31, 2012, the carrying amount and the bank balances of deposits of the District are summarized as follows:

	<u>Bank Balances Category</u>			<u>Book Balance</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Cash	<u>\$1,259,757</u>	<u>\$ -</u>	<u>\$ 367</u>	<u>\$ 1,260,124</u>

The District maintains money funds and certificates of deposit at national investment company. Cash and money fund balances at the investment company are insured up to \$500,000 by the Securities Investor Protection Corporation (SIPC). Additionally investments in certificates of deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account owner per depository institution. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledges of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities should be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2012, the District had \$367 of cash that was not secured by federal deposit insurance or the pledges of securities owned by the fiscal agent bank.

(5) LITIGATION AND CLAIMS

At December 31, 2012, the District was involved in no litigation nor is the District aware of any unasserted claims.

(6) NEW ACCOUNTING PRONOUNCEMENT

During the year ended December 31, 2012, the District adopted GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Actual Amounts Budgetary Basis	Original Budget	Final Budget	Variance Favorable (Unfavorable)
<u>REVENUES:</u>				
Parcel fees	\$ 936,059	\$ 961,000	\$ 961,000	\$ (24,941)
Investment income	2,842	-	-	2,842
Interest	<u>8,351</u>	<u>3,000</u>	<u>3,000</u>	<u>5,351</u>
Total revenues	<u>947,252</u>	<u>964,000</u>	<u>964,000</u>	<u>(16,748)</u>
<u>EXPENDITURES:</u>				
Patrol and security services	785,877	847,000	847,000	61,123
Police cars	188,554	64,000	64,000	(124,554)
Insurance	17,253	18,000	18,000	747
Operations	15,295	25,000	25,000	9,705
Accounting and legal fees	13,261	10,000	10,000	(3,261)
City collection fee	<u>9,268</u>	<u>-</u>	<u>-</u>	<u>(9,268)</u>
Total expenditures	<u>1,029,508</u>	<u>964,000</u>	<u>964,000</u>	<u>(65,508)</u>
Excess (deficiency) of revenues over expenditures	(82,256)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(82,256)</u>
FUND BALANCE, BEGINNING	<u>1,218,291</u>			
FUND BALANCE, ENDING	<u>\$ 1,136,035</u>			

(See Auditors' Report)

MID-CITY SECURITY DISTRICT
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2012

Board members serve without compensation

OTHER SUPPLEMENTARY INFORMATION

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*PROFESSIONAL CORPORATION
†LIMITED LIABILITY COMPANY
BENJAMIN J. ERICKSEN - DECEASED
J.V. LECLERE KRENTEL - DECEASED

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the Board
Mid-City Security District
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Mid-City Security District as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Mid-City Security District's basic financial statements, and have issued our report thereon dated June 3, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mid-City Security District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mid-City Security District's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Members of the Board
Mid-City Security District
June 3, 2013

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mid-City Security District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2012-1.

Mid-City Security District's Response to Findings

Mid-City Security District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Mid-City Security District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 3, 2013
New Orleans, Louisiana



Certified Public Accountants

MID-CITY SECURITY DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Mid-City Security District.
2. No significant deficiencies disclosed during the audit are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. There was one instance of noncompliance that was reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was issued for the year ended December 31, 2012.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Compliance

Finding No. 2012-1 Budget Amendments

Statement of Condition: The District did not amend its operating budget as required by state law.

Criteria: Louisiana Revised Statute 39:1310 requires the District's budget be amended when actual expenditures exceed budgeted amounts by 5 percent or more.

Effect of Condition: For the year ended December 31, 2012, total expenditures exceeded budgeted amounts by 6.8 percent and the budget was not amended. As a result, Mid-City Security District was not in compliance with Louisiana Revised Statute 39:1310.

Auditors' Recommendation: The Chairman of the Board should monitor actual and budgeted expenditures and make amendments to the budget, when necessary, to comply with applicable budget laws.

Management's Response: The Chairman of the Board will monitor the budget and amend when necessary to comply with LRS 39:1310.

MID-CITY SECURITY DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FINANCIAL STATEMENTS**

Compliance

2011-1 Budget Hearing Publication

The District did not publish a notice of the budget hearing in the official parish journal.

This issue is resolved.